

Message Text

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ACTION EA-09

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TO SECSTATE WASHDC 7995

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL HONG KONG

USLO PEKING

CINCPAC FOR POLAD

C O N F I D E N T I A L VIENTIANE 0652

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SUBJECT: PARM - ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

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SUMMARY: U.S. RELATIONS WITH LAOS DERIVE IMPORTANCE
FROM GEOGRAPHY AND LAO IDEOLOGICAL ATTITUDE TOWARDS
OTHER COUNTRIES WITH WHICH WE HAVE IMPORTANT RELATION-
SHIPS. LAOS CONSIDERS DIPLOMATIC RELATIONS WITH THE
U.S. IMPORTANT ONLY IN CONTEXT OF EVENTUAL ECONOMIC
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ASSISTANCE, BUT MANY FACTORS MUST AFFECT ANY U.S.
DECISION IN THAT REGARD. VIETNAMESE INFLUENCE AND
MILITARY POWER AS WELL AS SOVIET INFLUENCE NARROW
LIMITS WITHIN WHICH WE CAN ACT. WE SHOULD WITHIN
THESE LIMITS, DO CERTAIN THINGS TO MAINTAIN AND
PERHAPS IMPROVE RELATIONS WITH LAOS IN THE FURTHERANCE
OF OUR MORE IMPORTANT INTERESTS WITH THIRD COUNTRIES.

WE SHOULD REALISTICALLY MAINTAIN AN EFFORT TO IMPROVE LAO-U.S. RELATIONS PARALLEL TO NORMALIZATION OF RELATIONS WITH VIET-NAM. WE SHOULD AVOID BILATERAL AID COMMITMENTS WHICH WOULD BE WASTEFUL OF TIME, MONEY AND GOOD WILL. WE SHOULD MAKE THE MOST PUBLICLY OF OUR GENEROUS OVERALL CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS, EXPLORE POSSIBILITIES FOR CERTAIN TYPES OF HUMANITARIAN ASSISTANCE, AND MEANWHILE ENCOURAGE VOLUNTARY AGENCIES' ACTIVITIES IN THIS DIRECTION. END SUMMARY.

1. U. S. RELATIONS WITH LAOS ARE IMPORTANT ONLY BECAUSE OF LAOS' GEOGRAPHICAL LOCATION AND IDEOLOGICAL ATTITUDES TOWARDS OTHER NATIONS WITH WHICH WE HAVE IMPORTANT RELATIONSHIPS. THESE NATIONS INCLUDE VIET-NAM, THE SOVIET UNION, CHINA, THAILAND AND THE OTHER ASEAN COUNTRIES, JAPAN, AND THE INDUSTRIALIZED WESTERN EUROPEAN NATIONS, ALMOST ALL OF WHICH HAVE DIPLOMATIC AND AID RELATIONSHIPS WITH LAOS.

2. LAOS CONSIDERS ITS DIPLOMATIC RELATIONS WITH THE UNITED STATES IMPORTANT ONLY INsofar THAT THEY PRESENT A PROSPECT OF EVENTUAL ECONOMIC ASSISTANCE. U.S. LEGISLATION PROHIBITING ASSISTANCE TO LAOS, CAMBODIA AND VIET-NAM, THE SENSITIVE MIA QUESTION, THE HUMAN RIGHTS ISSUE, THE PECULIAR NATURE OF THE LAO ROLE IN THE ILLEGAL NARCOTICS TRAFFIC, LAO IDEOLOGICAL BIAS AGAINST NON-COMMUNIST COUNTRIES IN GENERAL, COMMUNIST SUBVERSIVE DESIGNS ON THAILAND, THE QUESTIONABLE CONFIDENTIAL

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CAPACITY OF LAOS TO ABSORB ECONOMIC ASSISTANCE, AND THE COMPATIBILITY OF ANY SUCH ASSISTANCE WITH BROADER U.S. INTERESTS MUST ALL AFFECT ANY NEW U.S. POLICY CHOICE.

3. IT SEEMS CLEAR, HOWEVER, THAT UNLESS WE DEVISE SOME SOLUTION TO THE "ASSISTANCE" PROBLEM OUR DIPLOMATIC RELATIONS WITH LAOS WITH LAOS WILL EVENTUALLY DISINTEGRATE.

4. APART FROM WHATEVER MEASURES WE TAKE IN REGARD TO MULTILATERAL OR BILATERAL ECONOMIC ASSISTANCE, ONE OF OUR ECONOMIC ACTIONS ON A BROADER SCALE WILL HAVE MUCH DIRECT EFFECT ON LAOS. LAOS REMAINS THE "ECONOMIC BASKET CASE" THAT SOMEBODY LABELED IT MANY YEARS AGO.

5. ASSUMING THAT WE WISH TO MAINTAIN AND IMPROVE IF POSSIBLE OUR DIPLOMATIC RELATIONS WITH LAOS BECAUSE OUR INTERESTS IN REGARD TO THE OTHER COUNTRIES CITED ABOVE REQUIRE IT, WE SHALL HAVE TO ACT WITHIN RATHER

NARROW LIMITS. THESE LIMITS, AS WE HAVE OFTEN REPORTED, ARE LARGELY DETERMINED BY THE PREEMINENCE OF VIETNAMESE INFLUENCE IN LAOS AND THE PREDOMINANCE OF VIETNAMESE MILITARY POWER IN SOUTHEAST ASIA. THIS MEANS THAT THE FUTURE COURSE OF U.S. RELATIONS WITH LAOS WILL BE LARGELY DETERMINED BY THE DEVELOPMENT OF U.S. RELATIONS WITH VIETNAM AND WILL BE DETERMINED TO A LESSER EXTENT BY THE WAY IN WHICH THE SOVIETS USE THEIR INFLUENCE. WE THINK THE SOVIETS WILL EXERT THEIR INFLUENCE TO REDUCE UNITED STATES POLITICAL PRESENCE WHILE ENCOURAGING UNITED STATES ECONOMIC ASSISTANCE CONTRIBUTIONS WHICH COULD SERVE TO REDUCE THE ASSISTANCE DEMANDS MADE ON THE SOVIET UNION.

6. WITHIN THESE LIMITS THE FOLLOWING SPECIFIC POLICY PROPOSALS SEEM REALISTIC:

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A. AS WE PROCEED WITH "NORMALIZATION" OF RELATIONS WITH VIET-NAM, MAINTAIN A PARALLEL EFFORT TO IMPROVE EXISTING RELATIONS WITH LAOS IN ORDER TO RETAIN SOME LISTENING POST CAPACITY USEFUL IN REGARD TO OUR RELATIONS WITH THE ASEAN COUNTRIES AND A POTENTIAL ADMINISTRATIVE BACKSTOPPING CAPACITY FOR WHATEVER REPRESENTATION WE MAY EVENTUALLY ESTABLISH IN HANOI.

B. AVOID EVENTUAL INVOLVEMENT IN MAJOR BILATERAL DIRECT AID COMMITMENTS, WHICH GIVEN THE ABSENCE OF AN EFFECTIVE ADMINISTRATIVE STRUCTURE AND THE LACK OF ABSORPTIVE CAPACITY IN LAOS WILL, ACCORDING TO THE EXPERIENCE OF OUR FRIENDS AMONG AID DONORS, LEAD TO WASTE OF TIME, MONEY AND GOOD WILL.

C. MAGNIFY THE LAO UNDERSTANDING OF THE SCOPE OF OUR CURRENT CONTRIBUTIONS TO MULTILATERAL AID ORGANIZATIONS THROUGH PUBLICITY, EMPHASIZING THAT ALTHOUGH OUR CONTRIBUTIONS ARE NOT SPECIFICALLY AVAILABLE FOR LAOS THEY ENABLE THE INTERNATIONAL ORGANIZATIONS TO MAKE MORE OF THEIR TOTAL FUNDS AVAILABLE FOR LAOS. WHEN IT BECOMES LEGALLY POSSIBLE, MAKE IT CLEAR TO THE LAO THAT WE ARE ALLOWING THE INTERNATIONAL ORGANIZATION TO USE OUR CONTRIBUTIONS IN THE LPDR.

D. EXPLORE WHEN LEGALLY POSSIBLE WITH THE LAO AND WITH THE UN SPECIALIZED AGENCIES THE POSSIBILITY OF PROVIDING CERTAIN TYPES OF HUMANITARIAN AID IN THE CONTEXT OF TRADITIONAL U.S. HUMANITARIAN ASSISTANCE

RATHER THAN IN THE CONTEXT OF "BINDING UP THE WOUNDS OF WAR". THIS HUMANITARIAN ASSISTANCE COULD INCLUDE FOOD, MEDICINES, MEDICAL EXPERTISE, AND PERHAPS EQUIPMENT USEFUL FOR EXPLOSIVE ORDNANCE DEMOLITION. IT SHOULD BE PROVIDED IN SMALL BUT RESPECTABLE AMOUNTS
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ALONG THE LINES FOLLOWED BY THE EASTERN EUROPEAN COMMUNISTS BUT SHOULD BE SELECTED CAREFULLY TO SUPPLEMENT THE MORE USEFUL EXISTING UNITED NATIONS SPECIALIZED AGENCY PROGRAMS. INITIALLY AT LEAST IT COULD BE FUNNELED THROUGH INTERNATIONAL ORGANIZATIONS.

E. UNTIL IT BECOMES POSSIBLE TO PROCEED ALONG THE LINES OF PARAGRAPH 6.D. ABOVE, ENCOURAGE AND FACILITATE THE EFFORTS OF U.S. VOLUNTARY AGENCIES IN THE SAME DIRECTION, BEARING IN MIND THAT, FOR THEIR OWN POLITICAL REASONS, LPDR WILL NEVER REGARD PRIVATE ASSISTANCE OF THIS SORT AS MORE THAN AN INTERIM ARRANGEMENT.
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